

Livingston Parish Library Commission
(a component unit of the
Livingston Parish Council)
Livingston, Louisiana

Annual Financial Statements

As of and for the Year Then Ended December 31, 2012
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 25 2013

Livingston Parish Library Commission
Annual Financial Statements
As of and for the Year Ended December 31, 2012
With Supplemental Information Schedules

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Livingston Parish Library Commission
Annual Financial Statements
As of and for the Year Ended December 31, 2012
With Supplemental Information Schedules

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Independent Auditor's Report

To the Board of Control
Livingston Parish Library Commission
Livingston Parish Council
Livingston, Louisiana 70754

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Livingston Parish Library Commission, a component unit of the Livingston Parish Council, Louisiana as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Livingston Parish Library Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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To the Board of Control
Livingston Parish Library Commission
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Livingston Parish Library Commission, as of December 31, 2012, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013, based on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Other Matters – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, including management's discussion and analysis and budgetary comparison information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Livingston Parish Library Commission's basic financial statements. The supplementary information, including the summary of board member information and compensation, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

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To the Board of Control
Livingston Parish Library Commission
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United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Bruce Harrell & Co." with a stylized flourish at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 25, 2013

Required Supplemental Information (Part I)

Management's Discussion and Analysis

**Livingston Parish Library Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2012**

General Information

The Livingston Parish Library Commission (Library) is a public library system established in 1946 to assemble, organize, maintain, and make easily available a collection of books and other materials to provide for the recreational, informational, and educational needs of the citizens of the parish of Livingston.

Management's Discussion and Analysis (MD&A) is a required element of the reporting model adopted by the Government Accounting Standard's Board (GASB) in their Statement No. 34. Its purpose is to provide an overview of the financial activities of the Library based on currently known facts, decisions, or conditions.

Financial Highlights

- Ad Valorem taxes reflect a 10.00 mill tax approved by the voters in 2005. The ad valorem tax expires in 2014. The millage resulted in \$4,242,685 in revenue for current year ad valorem taxes. This was an increase of \$166,639 from 2011 ad valorem tax revenue of \$4,076,046. Total ad valorem taxes for the fiscal year ended December 31, 2012, also included \$162,467 of prior year ad valorem tax revenue.
- Total revenue for 2012 was \$4,774,242 as compared to the 2011 total of \$4,456,527. This revenue includes parish ad valorem taxes, state revenue sharing, interest, grant funds, charges for photocopies and faxes, fines, donations, gain on sale of assets, and miscellaneous fees.
- On the fund financial statements, library expenditures for 2012 decreased by \$457,081 from \$5,911,510 in 2011 to \$ 5,454,429. Expenditures include: library administration – personnel salaries and benefits, operating services - utilities, communications, maintenance of grounds, buildings, and equipment, insurance on facilities, grounds, and vehicles; materials and supplies - office, buildings, grounds, vehicle, and library supplies; travel - continuing education travel and expenses; capital outlay – vehicles, machinery and equipment, major repairs, and library materials; and intergovernmental expenditures - contributions to retirement systems and statutory reimbursements.

Government-Wide Financial Statements

The Library's annual financial report includes two government-wide financial statements. These statements provide information about the Library using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The two government-wide financial statements are as follows:

The **Statement of Net Position** presents information on all of the Library's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The **Statement of Activities** presents information showing how the Library's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The purpose of the Statement of Activities is to demonstrate the financial reliance of the governmental type activities or functions of the Library on revenues provided by the taxpayers.

The Government-Wide financial statements are on pages 14 and 15 of this report.

**Livingston Parish Library Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2012**

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Library uses a single governmental type fund, the General Fund, to ensure and demonstrate compliance with finance-related laws and regulations. Governmental type funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The basic governmental fund financial statements are on pages 17 through 20 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the government-wide and fund financial statements.

The notes to the financial statements can be found beginning on pages 22 of this report.

Other Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. Required supplemental information can be found beginning on page 36 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Library's net position for the current year as compared to the prior year. For more detailed information on the current fiscal year, see the Statement of Net Position on page 14 of this report.

**Net Position
2012 and 2011**

	Governmental Activities	
	2012	2011
Assets:		
Current and Other Assets	\$ 7,500,200	\$ 8,348,114
Capital Assets	7,524,901	5,870,211
Other Non-Current Assets	15	15
Total Assets	15,025,116	14,218,340
Liabilities:		
Long-Term Debt Obligations	86,027	32,082
Other Liabilities	461,963	602,203
Total Liabilities	547,990	634,285
Net Position:		
Net Investment in Capital Assets	7,524,901	5,870,211
Restricted	-	-
Unrestricted	6,952,225	7,713,844
Total Net Position	\$ 14,477,126	\$ 13,584,055

**Livingston Parish Library Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2012**

The Library's assets at December 31, 2012, exceeded liabilities by \$14,477,126 (net position), with the Library reporting positive balances in both categories of net position. Of the total net position, \$6,952,225 is Unrestricted Net position. The balance of net position includes a total of \$7,524,901 in net investment in Capital Assets, consisting of the Library's net investment in library equipment and vehicles, books, and facilities improvements. The Investment in Capital Assets matches the amount recorded for Capital Assets (net of depreciation) since the Library has not incurred, and applicable statutes prohibit the Library from incurring, long-term debt.

The largest components of the "Current and Other Assets" category are investments totaling \$2,000,419, consisting of funds in certificates of deposit, and receivables consisting primarily of an ad valorem tax receivable of \$4,345,714, state revenue sharing receivable of \$55,033, and other receivables of \$40,496.

Current Liabilities, totaling \$461,963 consist primarily of accounts payable, payroll related liabilities, deductions from property tax distributions for pension fund obligations and construction payable.

**Changes in Net Position
For the years ended December 31, 2012 and 2011**

	Governmental Activities	
	2012	2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 44,304	\$ 67,925
General Revenues:		
Ad Valorem Taxes	4,405,152	4,088,002
State Revenue Sharing	161,957	150,973
Grants	13,975	9,353
Interest Income	93,006	82,182
Donations	5,825	5,775
Miscellaneous	48,466	50,335
Gain on Sale of Assets	1,557	1,982
Total Revenues	<u>4,774,242</u>	<u>4,456,527</u>
Program Expenses:		
Library Services	3,881,171	3,295,953
Total Expenses	<u>3,881,171</u>	<u>3,295,953</u>
Change in Net Position	893,071	1,160,574
Net Position, Beginning	13,584,055	12,423,481
Net Position, Ending	<u>\$ 14,477,126</u>	<u>\$ 13,584,055</u>

The major component of Program Revenues, totaling \$44,304, consists of charges for fines and fees at branch library locations. The major General Revenue sources are ad valorem taxes totaling \$4,405,152, state revenue sharing totaling \$161,957, and interest earnings totaling \$93,006.

The ad valorem taxes, including prior year taxes, increased \$317,150 from last year. State revenue sharing increased \$10,984 from last year.

Program expenses of \$3,881,171 shown in the Summary of Changes in Net Position are not detailed since the level of detail for presentation of expenses on a functional basis would be the same as presented in the Statement

**Livingston Parish Library Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2012**

of Activities on page 15. The largest expense category of expenses was for personnel services totaling \$2,383,929.

Other significant expenses include repairs and maintenance at \$216,054, utilities at \$168,074, office supplies of \$80,224, and intergovernmental payments of \$172,132.

Fund Financial Analysis

As previously noted, the Library's only governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The fund financial statements can be found on pages 17 to 20 of this report. Within the fund statements, the Library recorded a deficiency of revenues and other sources over expenditures and other uses of \$679,155 resulting in a fund balance of \$7,038,252 at December 31, 2012. The decrease in fund balance was attributable to the final capital expenditures required for construction of the Livingston Library and the Administration Building renovations.

Capital Assets

The net investment in capital assets as of December 31, 2012 was \$7,524,901 (net of depreciation). There was an overall increase in net capital assets of \$1,654,690. An inventory of all assets of the Library was performed in December 2012.

The following table provides a summary of the Library's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements in this report.

**Capital Assets (Net of Depreciation)
2012 and 2011**

Capital Assets	Governmental Activities	
	2012	2011
Land	\$ 1,462,056	\$ 1,462,056
Library Collection	3,098,874	2,794,104
Building	4,928,946	568,671
Vehicles	38,507	38,507
Equipment and Furniture	694,975	466,526
Construction in Progress	-	2,928,454
Subtotal Capital Assets	10,223,358	8,258,318
Less: Accumulated Depreciation	(2,698,457)	(2,388,107)
Capital Assets, Net	\$ 7,524,901	\$ 5,870,211

The Library Commission completed construction totaling \$4,360,275 for the new Livingston Library at \$3,836,823, and for the Library Administration building at \$523,452.

Library collections of \$361,788 were recorded for the fiscal year ended, with \$57,018 recorded for disposals. Other Furniture and Equipment, including computer, data processing, and equipment primarily for the Livingston Library and the Library Administration Building, and other miscellaneous equipment and furniture purchases, was recorded for \$371,933 with \$143,484 recorded for disposal of equipment.

**Livingston Parish Library Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2012**

Budgetary Highlights

The Library demonstrated legal compliance by adopting its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources, and the Library's actual expenditures and other uses did not exceed budgeted expenditures and other uses by 5%.

Economic Factors and Next Year's Budget

The Library Board of Control and the Director use a conservative approach in determining the 2013 Budget figures.

The Library's 2013 budget will show an overall increase in revenues of \$83,064. Ad valorem taxes have been budgeted with an increase of \$128,310; however, there are anticipated decreases in interest earnings and grant revenues.

The 2013 budget for operating expenditures will show a \$869,099 increase, which is attributable to allocating \$300,000 to emergency repairs, increases in salaries and related expenses, increases in capital outlay, and general increases due to economic factors.

Conclusion

The Livingston Parish Library Commission is maintaining its level of service to the community by continuing to offer programming and services to the public. The Library has expanded its facilities and increased staff to accommodate the rising use and population in the parish. The five library branches that serve the public are all operational and open, with expanded hours, to serve patrons. The library has over one hundred public computers available for library users, as well as expanded book, audio/video, periodical collections, and online databases. Enthusiastic staff members continue to develop successful programs to better serve the public, while continuing to offer regular programs, such as computer classes, programs for adults, children's programs and events.

The annual operations and maintenance budget enables the Library to provide building and ground maintenance, insurance, staffing, resources, and materials to continue serving the needs of Livingston Parish's citizens.

Contacting the Library's Financial Management

This financial report is designed to provide a general overview of the Livingston Parish Library Commission's finances. Questions regarding this report or requests for additional information should be addressed to the Giovanni Tairov, Library Director, Livingston Parish Library, P.O. Box 397, Livingston, LA 70754.

Basic Financial Statements
Government-Wide Financial Statements

Livingston Parish Library Commission
Statement of Net Position
As of December 31, 2012

Statement A

	<u>Primary Government Governmental Activities</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 1,034,107
Investments	2,000,419
Receivables, Net:	
Ad Valorem Taxes	4,345,714
State Revenue Sharing	55,033
Other Receivable	40,496
Prepaid Insurance	24,431
Total Current Assets	<u>7,500,200</u>
Capital Assets:	
Land	1,462,056
Library Collection	3,098,874
Capital Assets, Net	2,963,971
Total Capital Assets	<u>7,524,901</u>
Other Non-Current Assets:	
Utility Deposits	<u>15</u>
Total Assets	<u>15,025,116</u>
Liabilities	
Current Liabilities:	
Accounts Payable	119,162
Accrued Salaries Payable	44,713
Construction Payable	95,389
Deductions from Ad Valorem Taxes	172,132
Other Accrued Liabilities	3,620
Accrued Vacation Payable	26,947
Total Current Liabilities	<u>461,963</u>
Long Term Liabilities:	
Accrued Sick Leave Payable	<u>86,027</u>
Total Long Term Liabilities	<u>86,027</u>
Total Liabilities	<u>547,990</u>
Net Position	
Net Investment in Capital Assets	7,524,901
Unrestricted	6,952,225
Total Net Position	<u>\$ 14,477,126</u>

The accompanying notes are an integral part of this statement.

Statement B

**Livingston Parish Library Commission
Statement of Activities
For the year ended December 31, 2012**

Expenses:**Library Services:**

Salaries and Related Benefits	\$ 2,437,874
Operating Services	577,863
Travel	11,384
Library Materials and Supplies	172,098
Intergovernmental Expenses	172,132
Depreciation Expense	509,820
Total Expenses	<u>3,881,171</u>

Program Revenues

Fees, Fines, and other Charges for Services	44,304
Grants	13,975
Total Program Revenues	<u>58,279</u>

General Revenues:

Ad Valorem Taxes	4,405,152
State Revenue Sharing	161,957
Interest	93,006
Net Gain (Loss) on Disposal of Assets	1,557
Miscellaneous	48,466
Donations - Cash	5,825
Total General Revenues	<u>4,715,963</u>

Change in Net Position893,071**Net Position - Beginning of Year**13,584,055**Net Position - End of Year**\$ 14,477,126

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Fund Financial Statements

Statement C

**Livingston Parish Library Commission
Balance Sheet, Governmental Fund
As of December 31, 2012**

	<u>General Fund</u>
Assets	
Cash and Equivalents	\$ 1,034,107
Investments	2,000,419
Receivables, Net:	
Ad Valorem Taxes	4,345,714
State Revenue Sharing	55,033
Other Receivable	40,496
Prepaid Insurance	24,431
Utility Deposits	15
Total Assets	<u>\$ 7,500,215</u>
Liabilities and Fund Balances	
Liabilities:	
Accounts Payable	\$ 119,162
Accrued Vacation Payable	26,947
Accrued Salaries	44,713
Other Accrued Liabilities	3,620
Construction Payable	95,389
Deductions from Ad Valorem Taxes	172,132
Total Liabilities	<u>461,963</u>
Fund Balances:	
Nonspendable	24,431
Unassigned	7,013,821
Total Fund Balances	<u>7,038,252</u>
Total Liabilities and Fund Balances	<u>\$ 7,500,215</u>

The accompanying notes are an integral part of this statement.

Statement D

**Livingston Parish Library Commission
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of December 31, 2012**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 7,038,252
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

Governmental capital assets net of depreciation	7,524,901
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Long-term liabilities including bonds payable, loans payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued Sick Leave Payable	(86,027)
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Net Position of Governmental Activities (Statement A)	\$ <u>14,477,126</u>
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The accompanying notes are an integral part of this statement.

**Livingston Parish Library Commission
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended December 31, 2012**

Statement E

	<u>General Fund</u>
Revenues	
Ad Valorem Taxes	\$ 4,405,152
State Revenue Sharing	161,957
Fines and Fees	44,304
Grants	13,975
Interest	93,006
Donations	5,825
Miscellaneous	48,466
Total Revenues	<u>4,772,685</u>
Expenditures	
Personnel Services:	
Salaries	1,898,322
Benefits	343,699
Payroll Taxes	141,908
Operating Services:	
Dues and Subscriptions	3,108
Insurance	47,854
Professional Services	18,188
Miscellaneous	39,582
Postage	4,197
Repairs and Maintenance	216,054
Rentals	40,693
Software Purchases	2,046
Utilities	168,074
Travel	11,384
Library Materials and Supplies:	
Databases	42,063
Library Books and Periodicals (non capital)	40,477
Office Supplies	80,224
Summer Reading Program	18,882
Intergovernmental Expenditures	172,132
Capital Outlays	2,165,542
Total Expenditures	<u>5,454,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(681,744)</u>
Other Financing Sources (Uses)	
Sale of Fixed Assets	2,589
Total Other Financing Sources (Uses)	<u>2,589</u>
Net Change in Fund Balances	<u>(679,155)</u>
 Fund Balances, Beginning of Year	 <u>7,717,407</u>
Fund Balances, Ending of Year	\$ <u><u>7,038,252</u></u>

The accompanying notes are an integral part of this statement.

**Livingston Parish Library Commission
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2012**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E **\$ (679,155)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period net of other reconciling items related to capital assets, which are also not recorded on governmental funds.

Expenditures for capital assets	\$ 2,165,542	
Less:		
Loss on Disposition of assets:		
Proceeds from Sale of Assets (Fund Basis)	(2,589)	
Gain (Loss) on Sale of Assets (Government-Wide Basis)	1,557	
Current year depreciation	<u>(509,820)</u>	<u>1,654,690</u>

Expenditures reported in the governmental funds that required the use of current resources that are not reported in the statement of activities:

Change in Prepaid Expense	(28,519)
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Compensated Absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities. (This entry records the change in compensated absences)

(53,945)

Change in Net Position of Governmental Activities, Statement B **\$ 893,071**

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Notes to the Financial Statements

Livingston Parish Library Commission
Notes to the Financial Statements
December 31, 2012

Introduction

The Livingston Parish Library Commission (Library) was created by the Livingston Parish Council, as provided by Louisiana Revised Statutes. The Library provides citizens of the parish access to library materials, books, magazines, records, and films. The Library is governed by a board of seven members, which are appointed by the Livingston Parish Council. The members of the board serve without pay. Primary financing is provided by ad valorem taxes and interest earned on investments.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Livingston Parish Library Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), and a statement of activities. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The Commission has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that requires capital contributions to the Commission to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote I – Net Position and Fund Equity*.

B. Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Livingston Parish Library Commission's board. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 14, the Library is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the fund and account group maintained by the Library

Livingston Parish Library Commission
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and do not present information on the Council and the general government services provided by that governmental unit.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the Library. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Library's only fund, the general fund, is classified as a governmental type activity.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. The Library does not allocate indirect costs.

Separate financial statements are provided for governmental funds. All individual governmental funds and individual proprietary funds are reported as separate columns in the fund financial statements. The Library has no proprietary fund and presents its operations within one fund, the general fund, for financial statement presentation.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, when applicable, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Livingston Parish Library Commission reports the following major governmental fund:

The *General Fund* is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. At December 31, 2012, it is the only fund of the Library.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict

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with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has no business-type activities or enterprise funds.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, if any.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Deposits and Investments

The Livingston Parish Library Commission's cash and cash equivalents includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Library may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments for the Library are reported at fair value.

F. Receivables and Revenue

Receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts for property taxes are as a reduction of current revenues.

G. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Library maintains a threshold level of \$500 or more for capitalizing vehicles, furniture, and equipment.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. All capital assets, other than the library collection, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Library Collection	7 years
Computer Equipment	5 years
Office Furniture and Equipment	5 to 10 years
Buildings	40 years
Vehicles	5 years

The Library board has adopted the policy that the library collection will be reported on a composite basis by making adjustments to total value to reflect increases or decreases in total value.

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

H. Compensated Absences

The Library has the following policy related to vacation and sick leave:

Permanent employees of the Library earn from ten to fifteen days of vacation leave each year, depending on their length of service and job classification. Vacation time can be accumulated up to 40 hours at year end. Any hours, in excess of this maximum amount must be taken by the end of the year or it is forfeited. Upon separation, employees are paid at their current rate of pay for accrued vacation leave. Employees earn from five to ten days of sick leave each year. Sick leave may be accumulated from year to year, but upon separation any accumulated sick leave is forfeited. However, any unused sick leave may be added to service time and credited to the employee at the time of retirement.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, unused employee sick leave has been accrued on the Statement of Net Position.

I. Net Position and Fund Equity

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net position into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position**

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount. Debt does not enter into the calculation of this category of net position since the Library cannot legally hold long term indebtedness.

- **Restricted Component of Net Position**

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. As of December 31, 2012, the Library had no restricted net position.

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• **Unrestricted Component of Net Position**

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Commission adopted GASB 54 for the year ended December 31, 2011. As such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision making authority for the Commission.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes.
- **Unassigned.** These are all other spendable amounts.

J. Ad Valorem Taxes

One April 23, 2005, an election was held whereby the voters of Livingston Parish approved a 10 year 10.00 mill ad valorem tax assessed on all property subject to taxation in Livingston Parish for the purpose of "acquiring, contracting, improving, maintaining, and operating the Livingston Parish Library." The tax began with the year 2005 and ends with the year 2014.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Livingston Parish Library Commission's taxes are collected by the Livingston Parish Assessor and are remitted to the Library monthly. The Library pays the Assessor's Office a fee for this service. The following is a summary of authorized and levied ad valorem taxes.

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date of Millage</u>
General Fund - Ad Valorem	10.00 mills	10.00 mills	10/1/2014

K. Extraordinary and Special Items

Extraordinary items are transactions or events, if applicable, that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Library, which are either unusual in nature or infrequent in occurrence.

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L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

M. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

The Commission utilizes the following budgetary practices:

The Director prepares the annual budget, which is based on what is expected to be collected and/or levied during the fiscal year and is approved by the Board of Commissioners. The adopted budget constitutes the authority of the Director to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved by the Board before payment.

The Library adopts a budget for the General Fund on the modified accrual basis each year in accordance with generally accepted accounting principles (GAAP). The budget for the fiscal year ended December 31, 2012, was legally adopted on December 7, 2011. The budget is monitored by the Board and amended as needed. The budget was amended for the fiscal year ended December 31, 2012 on December 5, 2012. Unexpended budget balances lapse at year-end.

3. Cash and Cash Equivalents

At December 31, 2012, the Library has cash and cash equivalents (book balances) as follows:

	December 31,
	2012
Demand Deposits	\$ <u>1,034,107</u>
	\$ <u>1,034,107</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2012, the Library has \$3,100,327 in deposits (collected bank balances) consisting of \$1,099,506 in demand deposits and \$2,000,821 in certificates of deposits held in banks and classified as investments. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$849,506 is covered by pledged securities held by the custodial bank in the name of the fiscal

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agent bank (GASB Category 3). The certificates of deposit are secured from risk by \$250,000 of federal deposit insurance and \$1,750,821 is covered by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent has failed to pay deposited funds upon demand.

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Commission or its agent in the Commission's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commission's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commission's name

The Commission held assets that qualified as investments consisting of certificates of deposits with a market value of \$2,000,419 within one local bank at December 31, 2012. All investments held by the Commission fall into category 1 credit risk above. In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments, when held, are carried at fair market value, with the estimated fair market value based on quoted market prices.

Interest Rate Risk: The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

5. Receivables and Revenue

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Livingston Parish Assessor in September or October and billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Governmental Fund accounts receivable consist of the following at December 31, 2012 .

Government Receivables	2012
Taxes:	
Ad Valorem	\$ 4,345,714
Intergovernmental:	
State Revenue Sharing	55,033
Other	40,496
Total Government Receivables	\$ 4,441,243

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6. Ad Valorem Taxes

For the year ended December 31, 2012, taxes of 10.00 mills were levied on property with assessed valuations totaling \$422,649,300. Total taxes levied were \$4,426,493.

Total taxes assessed and taxes receivable at December 31, 2012, are as follows:

	General Operations 10.00 Mills
Property Tax Assessed	\$ 4,426,493
Less: Current Amounts Deemed Uncollectible	<u>(132,795)</u>
Net 2012 Property Taxes Deemed Collectible	4,293,698
Prior Year Taxes Collected in Excess of Prior Year Receivable in 2012	<u>124,595</u>
Net Property Tax Revenues	<u>\$ 4,418,293</u>
Net Property Tax Deemed Collectible	\$ 4,293,698
Less: Amounts Collected Prior to December 31, 2012	<u>(51,013)</u>
Taxes Receivable - Current Year	<u>4,242,685</u>
Prior Year Tax Receivable at December 31, 2011	4,011,521
Less: Prior Year Tax Collected in 2012	<u>(4,033,087)</u>
Prior Year Taxes Collected in Excess of Prior Year Receivable in 2012	<u>124,595</u>
Taxes Receivable - Prior Year	<u>103,029</u>
Total Property Taxes Receivable at December 31, 2012	<u>\$ 4,345,714</u>

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7. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2012 for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,462,056	\$ -	\$ -	\$ 1,462,056
Construction in Progress	2,928,454	1,431,821	(4,360,275)	-
Total Capital Assets Not Being Depreciated	4,390,510	1,431,821	(4,360,275)	1,462,056
Capital Assets Being Depreciated:				
Furniture and Equipment	466,526	371,933	(143,484)	694,975
Vehicles	38,507	-	-	38,507
Buildings	568,671	4,360,275	-	4,928,946
Library Collection	2,794,104	361,788	(57,018)	3,098,874
Total Capital Assets Being Depreciated	3,867,808	5,093,996	(200,502)	8,761,302
Less Accumulated Depreciation for:				
Furniture and Equipment	405,786	66,332	(142,452)	329,666
Vehicles	19,691	7,701	-	27,392
Buildings	238,468	114,613	-	353,081
Library Collection	1,724,162	321,174	(57,018)	1,988,318
Total Accumulated Depreciation	2,388,107	509,820	(199,470)	2,698,457
Total Capital Assets Being Depreciated, Net	1,479,701	4,584,176	(1,032)	6,062,845
Total Governmental Activities Capital Assets, Net	\$ 5,870,211	\$ 6,015,997	\$ (4,361,307)	\$ 7,524,901
Depreciation was charged to governmental functions as follows:				
Library Services				\$ 509,820
				<u>\$ 509,820</u>

The total completed construction costs of \$4,360,275 included in the above schedule were for the new Livingston Library at \$3,836,823, and for the Library Administration building at \$523,452. The Library Commission incurred a total of \$1,413,821, consisting of \$914,176 for the Livingston Library and \$517,645, of construction costs in the current fiscal year to complete these projects.

Library collections of \$361,788 were recorded for the fiscal year ended, with \$57,018 recorded for disposals. Other Furniture and Equipment, including computer, data processing, and equipment primarily for the Livingston Library and the Library Administration Building, and other miscellaneous equipment and furniture purchases, was recorded for \$371,933 with \$143,484 recorded for disposal of equipment.

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8. Pension Plan

Plan Description. Substantially all employees of the Livingston Parish Library Commission are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Library are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Library funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, or at or after age 55 with at least 30 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable services, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 63. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy. Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Livingston Parish Library Commission are established and may be amended by state statute. State statute currently requires employees covered by Plan B to contribute three percent of their salaries in excess of \$100 per month to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The Livingston Parish Library Commission's contributions to the System under Plan B for the year ending December 31, 2012, and 2011 were \$150,506, and \$132,803, respectively, equal to the required contribution for each year.

The following provides certain disclosures for the Livingston Parish Library Commission and the retirement system that are required by GASB codification:

Plan B - Contribution Rates	
December 31, 2012	
Employees	3.00%
Employer	10.00%

Livingston Parish Library Commission
Notes to the Financial Statements
December 31, 2012

Trend Information:

Contributions required by State statute:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2002	\$ 7,964	100%
2003	\$ 14,343	100%
2004	\$ 24,684	100%
2005	\$ 35,148	100%
2006	\$ 45,418	100%
2007	\$ 61,458	100%
2008	\$ 69,343	100%
2009	\$ 72,684	100%
2010	\$ 122,403	100%
2011	\$ 132,803	100%
2012	\$ 150,506	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

9. Compensated Absences

At December 31, 2012, employees of the Library have accumulated and vested of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The total amount of \$26,947 accrued vacation leave is recorded as an obligation of the general fund.

Policies of the Library do not allow payment directly to the employee for sick leave upon termination. However, unused sick leave may be carried forward and added to service time and credited to the employee upon retirement. The accumulated sick leave at December 31, 2012, totaling \$86,027, represents a long-term obligation and is recorded on the government-wide financial statements.

10. Leases

At December 31, 2012, the Library leased certain facilities and books. These leases were month to month operating leases and there are no formal written lease agreements. The total rental expense included in these financial statements for 2012 is \$21,400 for facilities and \$19,293 for book rental.

Livingston Parish Library Commission
Notes to the Financial Statements
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11. Accounts, Salaries, and Other Payables

The Governmental Funds payables consist of the following at December 31, 2012

Governmental Funds Payable	2012
Accounts Payable	\$ 119,162
Accrued Vacation Payable	26,947
Accrued Salaries	44,713
Other Accrued Liabilities	3,620
Construction Payable	95,389
Deduction from Ad Valorem Taxes	172,132
Total Government Funds Payable	\$ 461,963

12. Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library attempts to minimize risk from significant losses through the purchase of commercial insurance.

13. Contingent Liabilities

At December 31, 2012, the Library was not involved in any outstanding litigation or claims.

14. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. As of December 31, 2012, the Library's bank balances of \$3,100,327 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entities name.

15. Financing of Library Buildings by Primary Government

On October 4, 2003, the voters of Livingston Parish approved the issuance of \$8,900,000 (Series 2004) General Obligation Bonds. The proceeds of these bonds were used to pay the cost of construction and acquitting the improvement of public libraries for the Parish, and acquiring the necessary land, equipment and furnishings. These bonds will be payable for the annual levy and collection of unlimited ad valorem taxes on all the taxable property within the Parish. These bonds were issued on March 1, 2004 with scheduled maturities through 2024. The bonds were issued in the name of the Livingston Parish Council and hence are recorded on the books of the Council. The Council administered the construction funds as they were spent on the construction of the new libraries. In addition, the Council collects and administers the ad valorem taxes collected and used to repay the outstanding bonds. At December 31, 2009, the Livingston Parish Council had spent the \$8.9 million on the construction of new libraries from the bond proceeds. In addition, the Library transferred an accumulated amount of \$2,682,517 (\$2,500,000 in 2006, \$180,442 in 2007, and \$2,075 in 2008) of its funds to the Livingston Parish Council to assist the Parish Council in the completion of the construction costs.

Livingston Parish Library Commission
Notes to the Financial Statements
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16. Subsequent Events

These financial statements considered subsequent events through June 25, 2013, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2012.

Required Supplemental Information (Part II)

Schedule 1

Livingston Parish Library Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the year ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Ad Valorem Taxes	\$ 4,100,000	\$ 4,274,690	\$ 4,405,152	\$ 130,462
State Revenue Sharing	144,028	162,085	161,957	(128)
Fines and Fees	50,000	44,568	44,304	(264)
Grants	22,000	12,505	13,975	1,470
Donations	4,000	5,818	5,825	7
Interest	23,000	74,242	93,006	18,764
Miscellaneous	40,300	43,788	48,466	4,678
Total Revenues	4,383,328	4,617,696	4,772,685	154,989
Expenditures				
Personnel Services:				
Salaries	1,854,000	1,784,000	1,898,322	(114,322)
Benefits	314,383	311,273	343,699	(32,426)
Payroll Taxes	147,831	140,887	141,908	(1,021)
Operating Services:				
Dues and Subscriptions	3,000	2,038	3,108	(1,070)
Insurance	90,000	72,285	47,854	24,431
Professional Services	17,500	18,135	18,188	(53)
Miscellaneous	36,900	38,250	39,582	(1,332)
Postage	5,000	4,350	4,197	153
Repairs and Maintenance	171,500	173,536	216,054	(42,518)
Rentals	7,200	41,673	40,693	980
Software Purchases	10,000	1,701	2,046	(345)
Utilities	222,900	162,068	168,074	(6,006)
Travel	15,000	11,070	11,384	(314)
Library Materials and Supplies:				
Databases	80,000	42,172	42,063	109
Library Books and Periodicals (non capital)	39,600	39,866	40,477	(611)
Office Supplies	112,500	201,939	80,224	121,715
Summer Reading Program	18,000	18,872	18,882	(10)
Intergovernmental Expenditures	167,000	164,074	172,132	(8,058)
Capital Outlays	550,000	1,993,317	2,165,542	(172,225)
Total Expenditures	3,862,314	5,221,506	5,454,429	(232,923)
Excess Revenues (Expenditures)	521,014	(603,810)	(681,744)	(77,934)
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	2,589	2,589
Total Other Financing Sources (Uses)	-	-	2,589	2,589
Net Change in Fund Balances	521,014	(603,810)	(679,155)	(75,345)
Fund Balances, Beginning of Year	7,717,407	7,717,407	7,717,407	-
Fund Balances, End of Year	\$ 8,238,421	\$ 7,113,597	\$ 7,038,252	\$ (75,345)

See independent auditor's report.

Other Supplemental Information

Livingston Parish Library Commission

Schedule 2

**Schedule of Compensation Paid to Board Members
For the year ended December 31, 2012**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expires</u>
Jo Ann Gaul, President (225) 664-4675	916 Jane Drive Denham Springs, LA 70726	\$ -	6/30/2017
Ronnie Bencaz, Vice President (225) 686-2619	P.O. Box 28 Livingston, LA 70754	-	6/30/2013
J. Lindsay Varnado (225) 664-1554	9111 Harris Road Denham Springs, LA 70726	-	6/30/2016
Juanette Courtney (225) 567-9038	30690 Highway 1036 Holden, LA 70744	-	6/30/2015
Kathy deGeneres (225) 665-8025	713 Tom Drive Denham Springs, LA 70726	-	6/30/2017
Debbie Henson (225) 664-2593	8260 Olivia Drive Denham Springs, LA 70706	-	6/30/2017
Shelly Davis (225) 294-5992	P.O. Box 305 Springfield, LA 70462	-	6/30/2014
Layton Ricks, Ex-Officio (225) 665-5321	P.O. Box 427 Livingston, LA 70754	-	N/A
		<u>\$ -</u>	

See Independent Auditor's Report.

**Livingston Parish Library Commission
Schedule of Findings and Questioned Costs
December 31, 2012**

Part I: Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unqualified.

Internal Control Over Financial Reporting:

Material Weakness(es) Identified:	No
Significant Deficiency(ies) that are not considered to be	
Material Weaknesses:	Yes
Noncompliance Material to the Financial Statements:	No

Federal Awards

There were no Major Programs for the Livingston Parish Library Commission for the fiscal year ended December 31, 2012

Part II: Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Compliance Findings –

No compliance findings.

B. Internal Control Findings -

One internal control finding classified as a significant deficiency not constituting a material weakness is included as Finding Number 2012-11 within the *Corrective Action Plan for Current Year Audit Findings*.

Part III: Findings and Questioned Costs for Federal Awards which include audit findings as defined in Section 510(a) of Circular A-133:

Not included – no major federal program awards.

**Livingston Parish Library Commission
Summary Schedule of Prior Year Audit Findings
For the year ended December 31, 2012**

Compliance

No compliance findings.

Internal Control

No internal control findings.

Management

No management findings.

See Independent Auditor's Report.

**Livingston Parish Library Commission
Corrective Action Plan for Current Year Audit Findings
For the year ended December 31, 2012**

Compliance

No compliance findings.

Internal Control

Reference Number: 2012-11 (Limited Segregation of Duties).

Type Finding: Significant Deficiency not Material to the Financial Statements

Criteria: The Livingston Parish Library Commission must demonstrate that activities related to financial management are reasonably recorded and accurately reported.

Condition: With all smaller agencies, there will be limited segregation of duties for recording and reporting financial transactions. The Library has responded to this condition with the following actions:

- 1) Pre-authorization of key financial transactions by the Library Board.
- 2) Monitoring and authorization of key financial transactions by the Director. In the event that the Director is not available, the Assistant Director has authority to approve a transaction, which is reviewed by the Director.
- 3) Monthly budget-to-actual reports are provided to board members.
- 4) An invoice system was implemented to provide for review of purchases by the Director, and to improve the accuracy of financial reporting to the board.
- 5) Reporting by the Director directly to the board of current and planned financial transactions.

Effect: The Library must demonstrate that activities related to financial management are reasonably and accurately reported.

Cause: The size of the entity and the number of personnel available for financial review and management are the major factors determining the compensating controls that must be implemented to ensure that financial transactions are reasonably stated.

Recommendations: The Library must continue implementing compensating controls that reduce the inherent risk associated with recording financial transaction in smaller entities.

Description of Action Taken: Partial.

Contact Person: Jo Ann Graul, President, 916 Jane Drive, Denham Springs, LA 70726
(Phone # 225-664-4675).

Management Findings

No management findings.

See Independent Auditor's Report.

Bruce C. Harrell, CPA

Dale H. Jones, CPA
Michael P. Estay, CPA
Kristi U. Bergeron, CPA
Jessica H. Jones

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Livingston Parish Library Commission
Livingston Parish Council
Livingston, Louisiana 70754

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Livingston Parish Library Commission, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Livingston Parish Library Commission's basic financial statements and have issued our report dated June 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Livingston Parish Library Commission's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Livingston Parish Library Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Livingston Parish Library Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we did

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To the Board of Commissioners
Livingston Parish Library Commission
Livingston Parish Council
Livingston, Louisiana 70754

Page 2

identify certain deficiencies in internal control, described in the accompanying Corrective Action Plan for Current Year Audit Findings that we consider to be significant deficiencies in internal control over financial reporting as Finding Number 2012-11.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Livingston Parish Library Commission's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities, when applicable. However, this report is a matter of public record and its distribution is not limited. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 25, 2013